

I am a co-owner of a single, commercial, class A FM radio station (KRKQ) in the Telluride area of Southwestern Colorado. I would like for you to consider two points with regard to further relaxing ownership rules. (1) Previous rounds of consolidation have been harmful to my station, and (2) claims that radio is a competing medium with digital audio streaming require more careful examination.

(1) The large number of stations controlled by a cluster in a market area allow the clusters to establish base-line radio ad rates for the area. With the cluster's consolidation of studios, sale staff, and technical infrastructure, clustered stations gain a considerable financial advantage in operating cost and base line advertising rates, as compared to my single station. We have so far been able to maintain higher advertising rates, to cover our higher operating cost per mil, by providing high quality programming, with high listener loyalty. I fear further consolidation will allow nominal radio advertising rates for local markets to be set at a national level, rather than at the local market level. This would effectively put stations like ours, in expensive resort areas that deviate from the nation economic averages, out of business unless we acquire radio assets across multiple markets to more closely match normalized national rates. We would be forced to become a multi-market radio company in order to survive.

(2) A running theme of those commentators who support further deregulation of the the radio ownership rules would seem to be that there is no need to ensure competition at the local radio ownership level because radio is already competing with digital streaming services. "Times have changed," they say, "and with the new digital media landscape, local radio needs to consolidate further in order to survive against digital streaming alternatives."

On the face of it, this appears to be a valid argument, though lacking in imagination. But only if the unstated assumption that radio is an equivalent medium to digital streaming services is true. I contend that it is not.

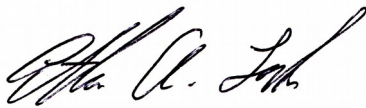
A) From the listener perspective, radio is free. Digital streaming is not. Cost is often associated with an exchange for currency. If this is taken as the only consideration for the cost a listener must pay, than many streaming services are free. However, digital streaming has a listener cost not associated with a currency exchange, but rather a personal information exchange. A listener cannot listen to an Internet streaming service without being tracked. The Internet in all its forms, requires two-way communications to establish and maintain packet flow. Further collection of, and association of listening sessions with a listener's personal data, via HTML cookie sharing, destination device address database correlation, etc. is routine, and monetized by stream providers with little to no consent of the listener. Terrestrial radio listening on the other hand is accomplished with a one-way transmission to an unknown number receivers, the use of which is completely anonymous unless the listener chooses to participate in a listener measurement study, such as Nielsen's PPM, logs, etc. Listeners receive financial or other considerations as compensation for participation in these studies. Whereas listening habits collected from the use of Internet based streaming services are provided for free, by the listener, to the service provider, with no compensation.

B) Many FCC licensed radio station do operate digital streaming services as well, and like their digital-only counter parts, are free to compete in the digital arena without the involvement of the FCC. Many stations, like ours, choose to bring live simulcasts of their terrestrial radio feeds, including live-and-local DJ hosted shows, with all the required community service content, to their Internet streams. Listening to a typical local radio station's Internet simulcast is the local radio listening experience, created in part by the FCC's content requirements, and made to sound unique by ownership and geographical restrictions and requirements. Radio is geographically confined, digital streaming is not.

C) Much of the what makes local radio a different medium than digital streaming services is the limited reach of radio transmitters. To stay in business, local radio stations, commercial and non-commercial alike, must maintain a close relationships with their communities. Supporters of further relaxed radio ownership rules often claim that market pressure will keep radio programming local, and so the FCC need not worry about a loss in local programming from further consolidation. However, when given access to terrestrial radio coverage across the country through a network of transmitters, coverage becomes much like digital streaming services. With that in mind, you have to ask how many local streaming services are out there? Clearly, the claimed market pressure for local content is not really there, otherwise local digital streaming services would already be prevalent.

Further consolidation would be a self fulfilling prophesy that would make radio become more like digital streaming, and require even more consolidation to remain competitive to the medium it would become so much like. I, for one, would like to see ownership rules rolled back, not further relaxed.

Ethan A. Funk

A handwritten signature in black ink, appearing to read 'Ethan A. Funk', written in a cursive style.

June 10, 2019